

Ontonagon Mill Overview For The House Commerce Committee

March 2006



Upper Peninsula Paper Mills



Smurfit Stone, Ontonagon

NewPage, Escanaba

International Paper, Quinnesec

Manistique Papers, Manistique

Kimberly Clark, Munising

Forest Products Industry in Michigan

Currently 33 Pulp, Paper, and Paperboard Mills in Michigan

- Mills employ approximately 21,000 people
- Annual payroll of more than \$902 million
- Annual production of over 3.6 million tons
- Reuse approximately 1.9 million tons of recycled paper

**This industry employs another 130,000 people
in other Forest Products related jobs**

**The Forest Products Industry contributes over
\$9 billion annually to Michigan's economy**

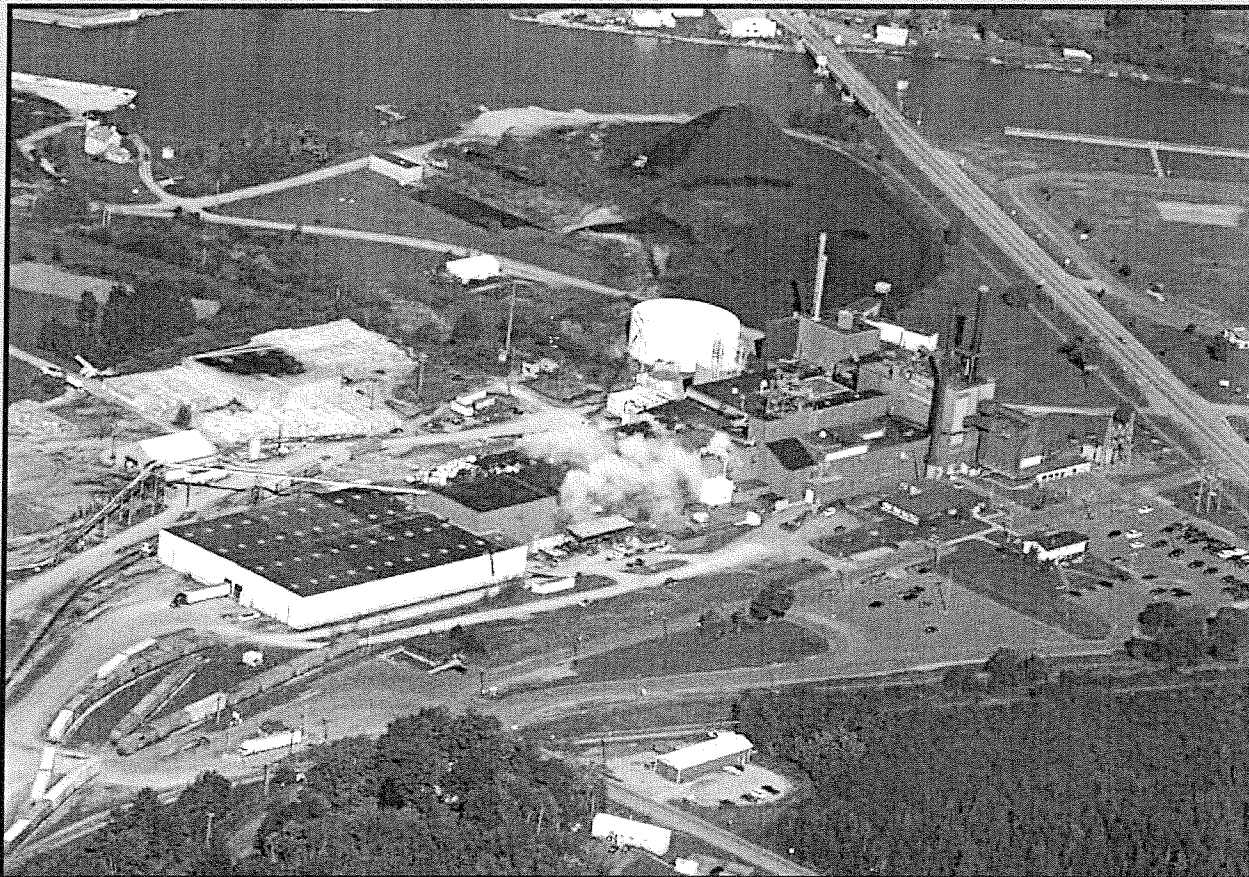


Ontonagon Mill Background

Located in Ontonagon, MI on south shore of
(north of the mitten)

Lake Superior

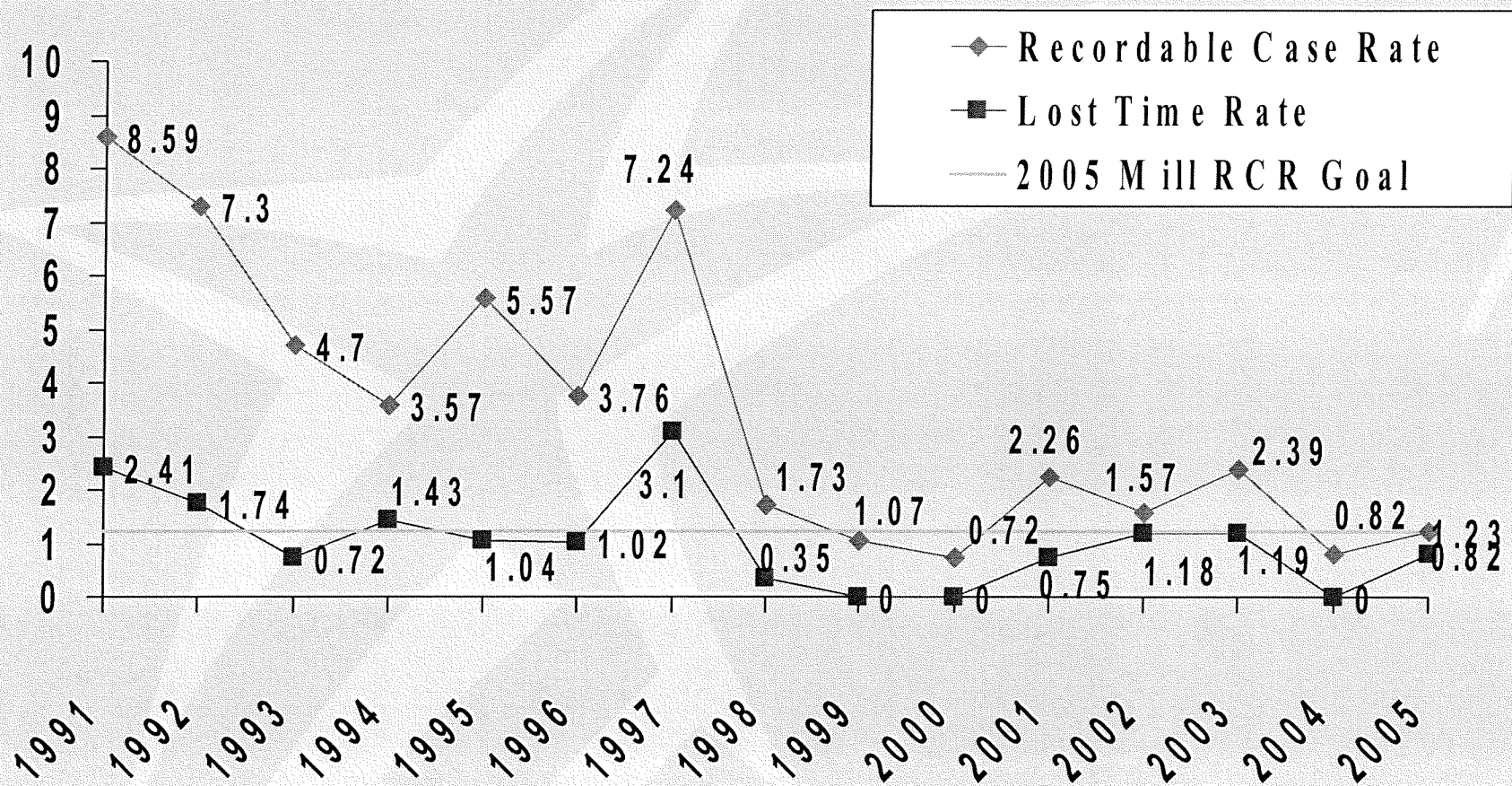
234 Employees (Largest employer in Ontonagon County)



 **SMURFIT-STONE**

Ontonagon Mill Safety Record

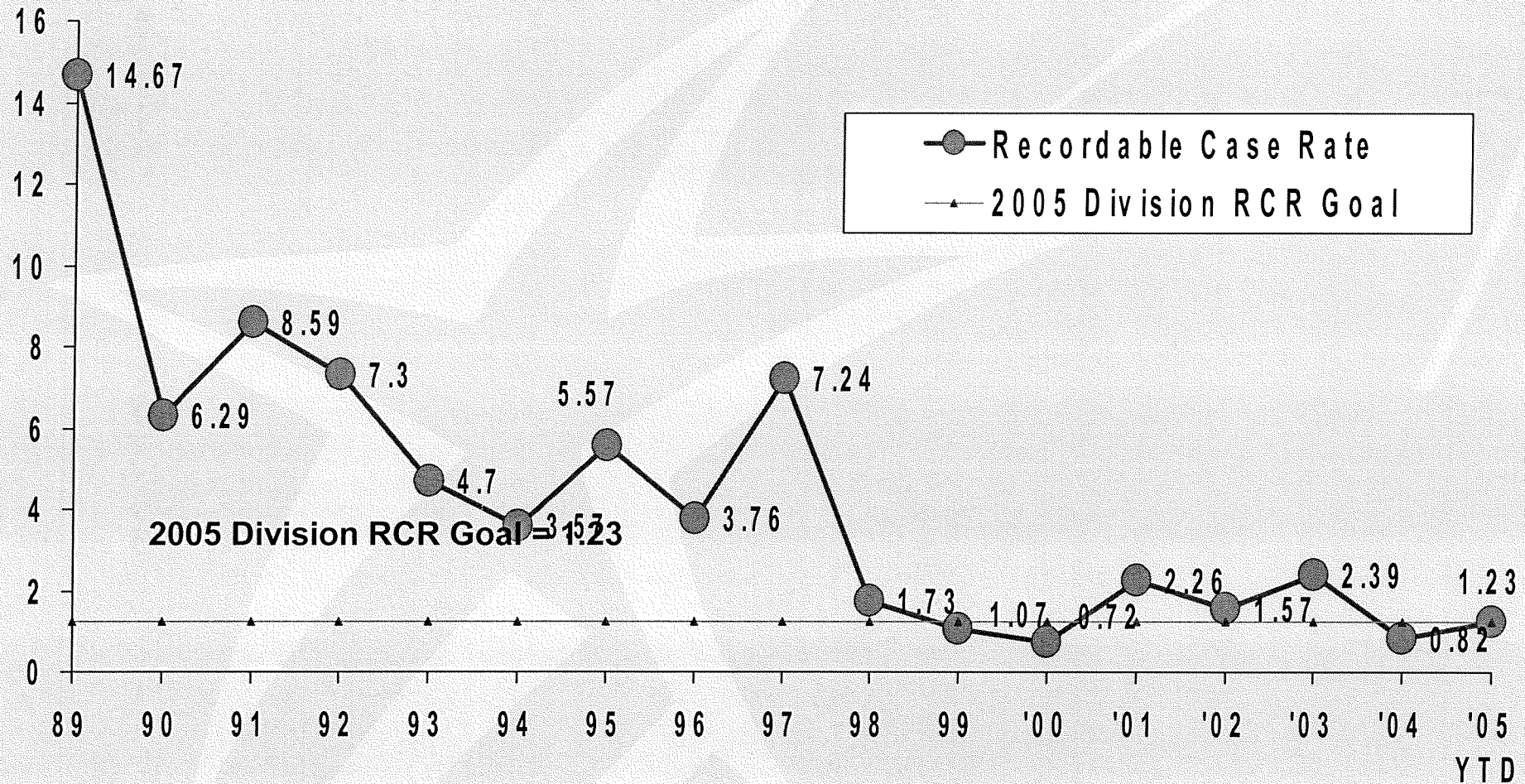
2005 Recordable Case History



Ontonagon Mill

Recordable Case Rate History

2005 Update as of 12/31/05

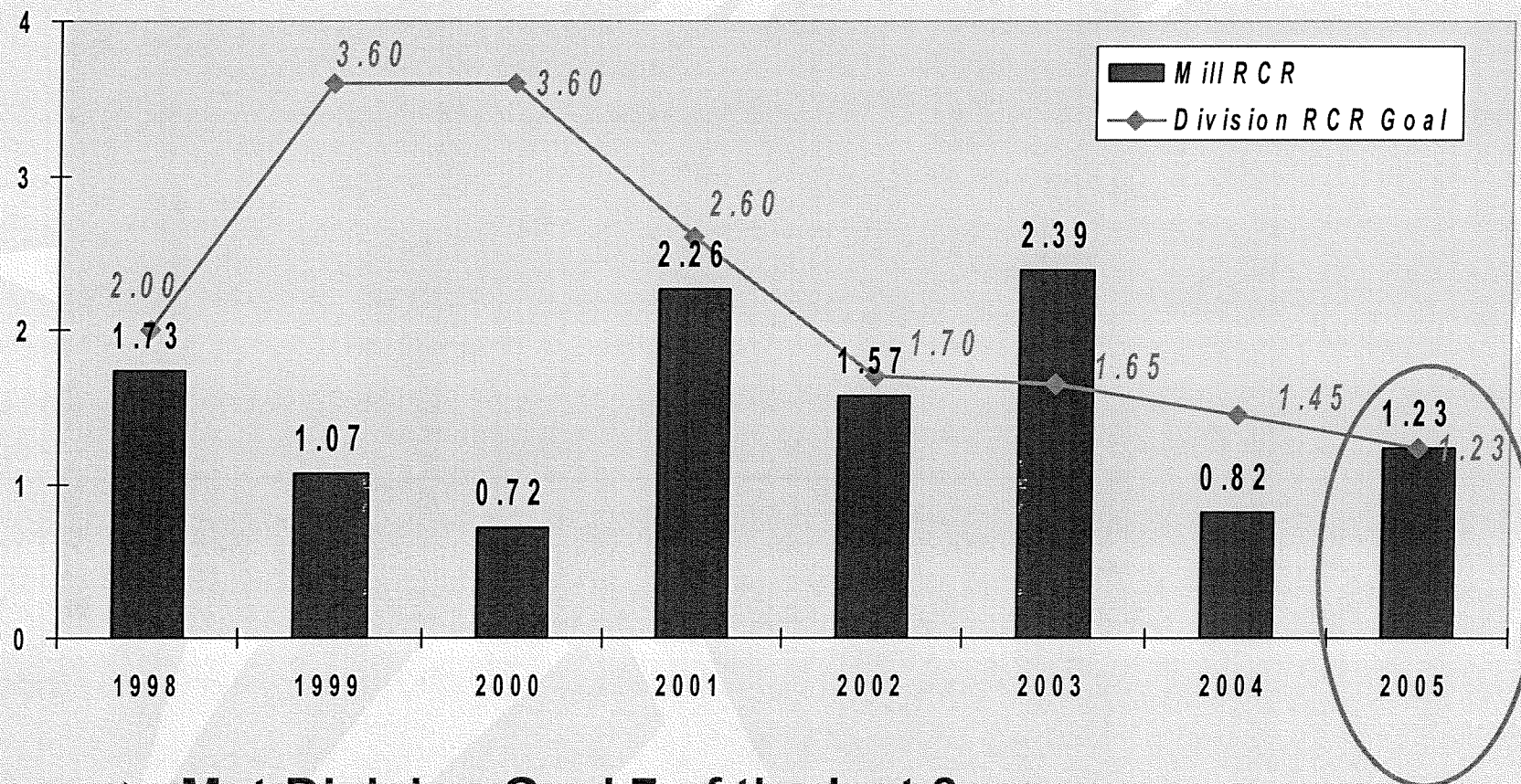


Ontonagon Mill

RCR vs. Corporate/Division RCR Goal

2005 Update as of 12/31/05

2005 Mill & Division RCR Goal = 1.23



➤ Met Division Goal 7 of the last 8 years

Community Economics

234 Employees

Annual payroll

- \$11,868,000 in wages
- \$ 5,579,000 in benefits

Property ownership

- 210 acre plant site
- 1,548 acres total in county

\$596,000 per year for local property taxes in 2005



Employee Demographics

234 Employees (206 Male, 28 Female)

- 103 had “Perfect Attendance” in 2005

Age of employees

- Average age = 49.7 years old
- Youngest = 25 years old
- Oldest = 65 years old

Individual Earning Potential (Average of 2,080 hours worked per year)

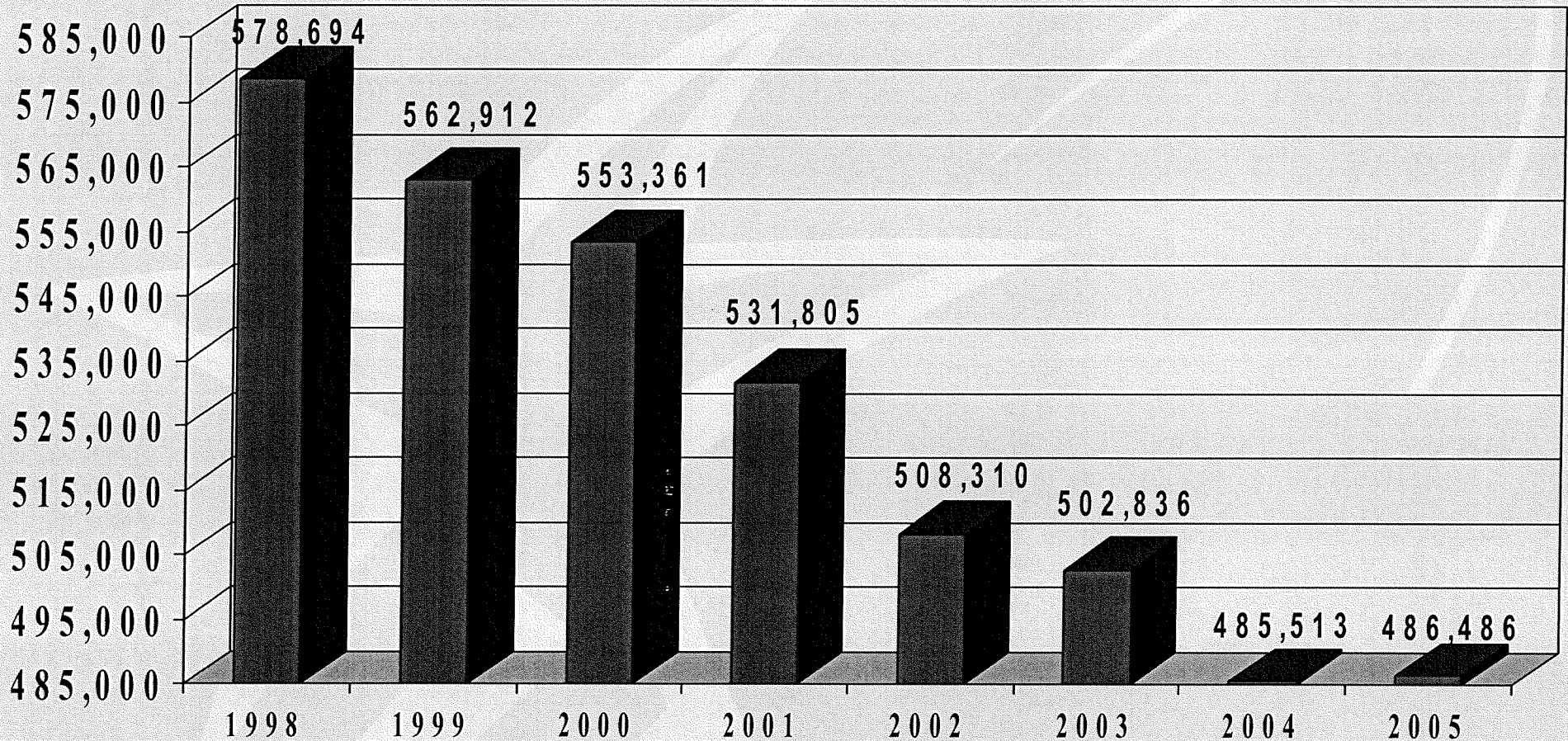
- Hourly Pay (\$16.21 – \$22.43 per hour)
 - 25 positions – Laborer, Machine Tender, Boiler Operator, Heavy Equipment Operator, Millwright, Electrician, etc.
- Salaried Pay Ranges (\$20,000+)
 - Positions range from Administrative Assistant, Engineer, Supervisor, Manager

**Management positions “require” a minimum of a 4-year college degree.
Several top managers have Masters degrees.**

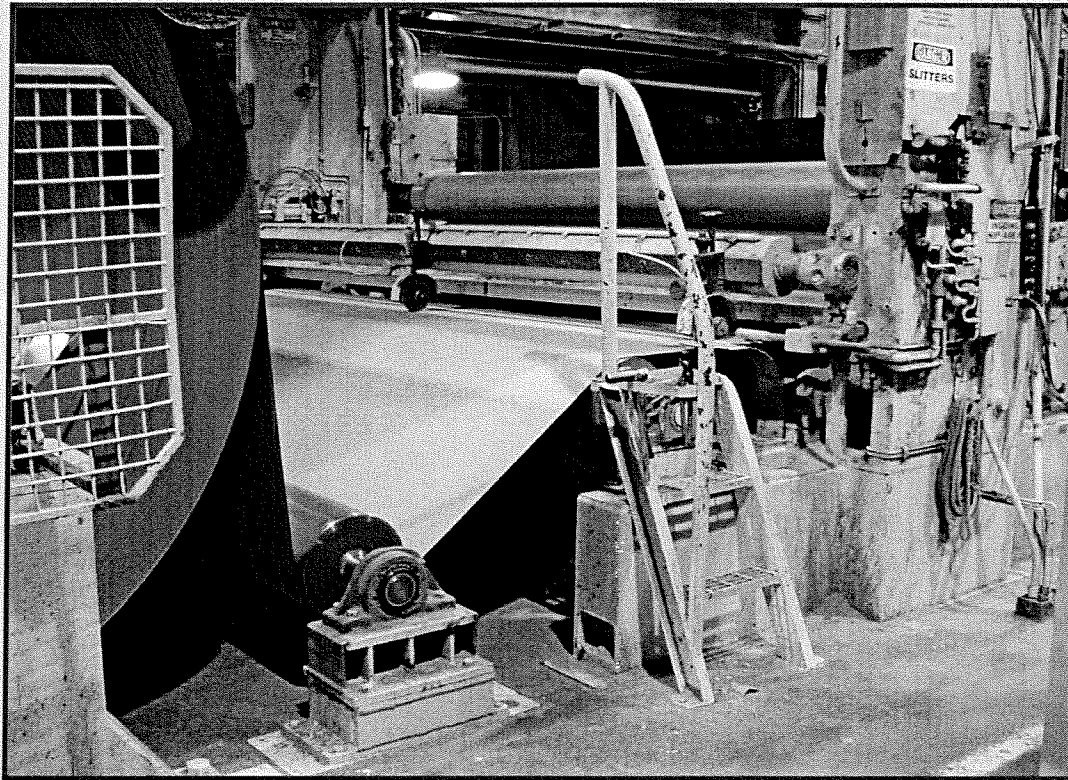


Ontonagon Mill

Number of Work Hours - History



Ontonagon Mill Process



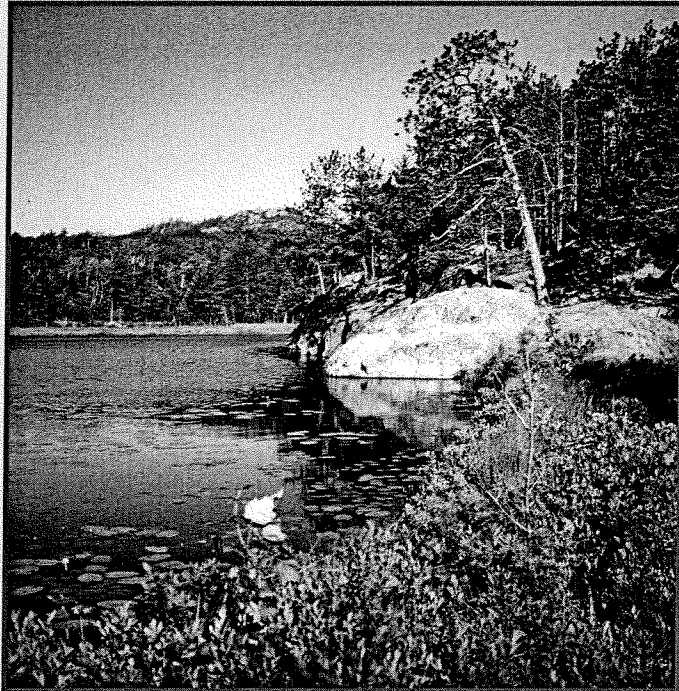
Originally built in 1921 with one paper machine

Semi chemical
(sodium carbonate)
manufacturing process since
1972

Second paper machine
added in 1975

Currently manufacture ~ 800
tons per day of
corrugating medium

Pulp Mill



Use ~ 750 tons wood chips per day

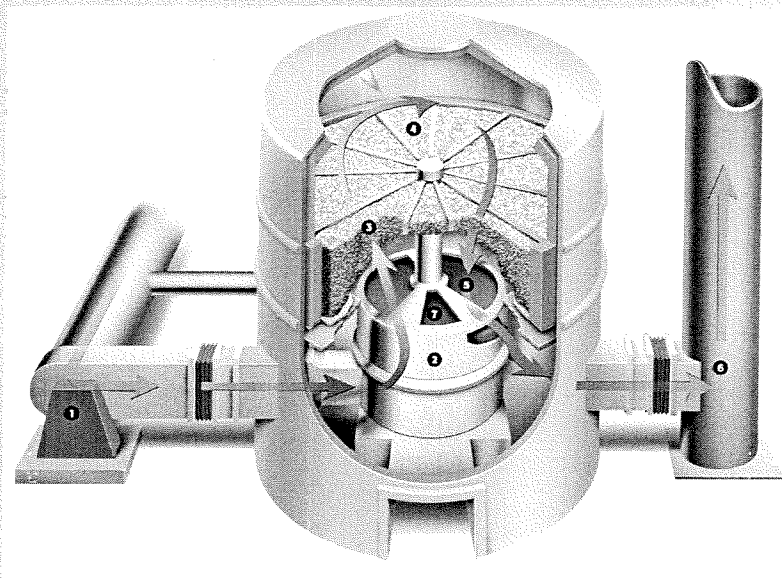
**The Ontonagon Mill takes in chips
from as far away as 100 miles**

**Michigan only harvests about 50%
of its forest growth each year**

**About 40% of our paper is made
from recycled box clippings**

Chemical Recovery

**The Ontonagon mill recovers its
pulping chemicals**



**The emissions from this process are
treated by a regenerative thermal
oxidizer to incinerate the Volatile
Organic Compounds (primarily
methanol from the pulping of wood)
prior to release**

Power Generation

The mill uses about 100,000 tons of coal per year to make steam and electricity with 4 boilers and a turbine / generator.

An average of 6 ore boats per year deliver the coal

- ~16,800 tons per boat load



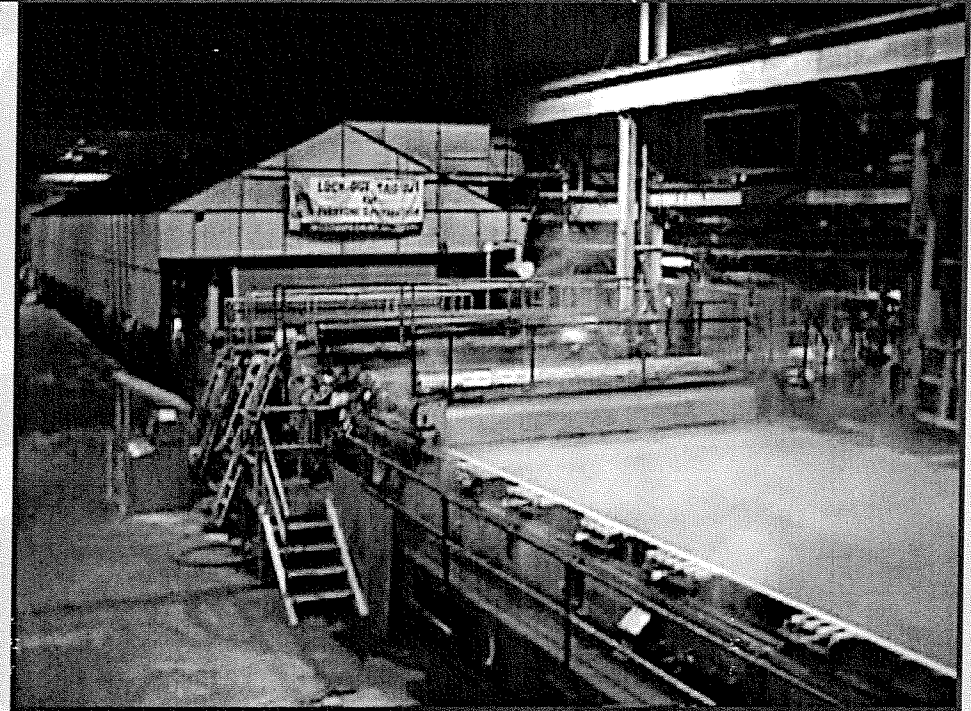
Paper Mill

~800 tons per day of
brown corrugating medium
on two paper machines

Individual rolls average 2 tons
and contain 5 miles of lineal
footage

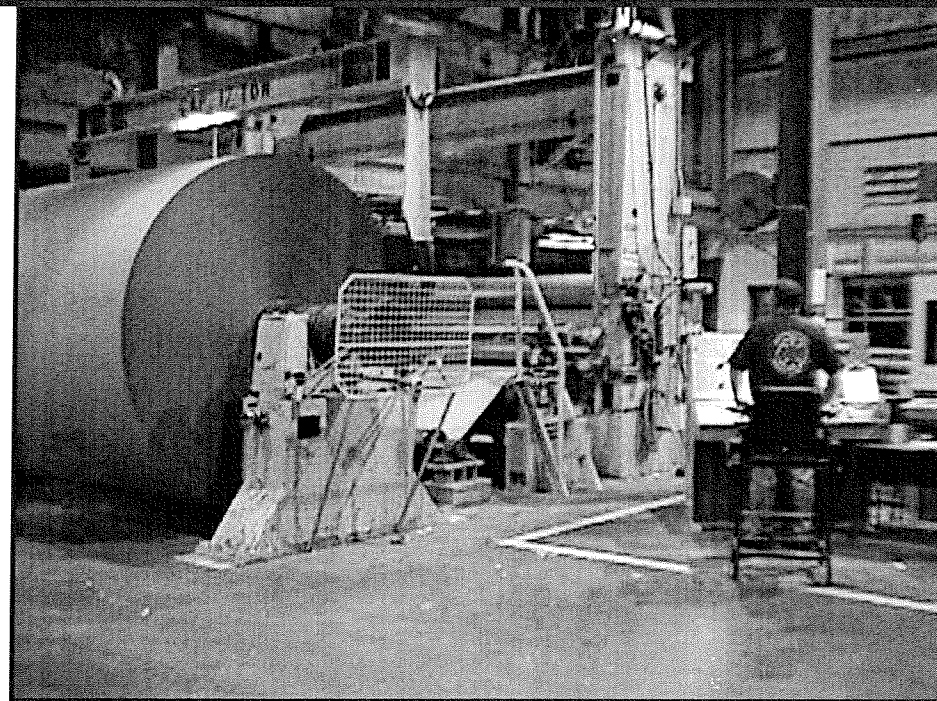
1 PM – The reel weighs
12 tons and is made in 45 minutes

2 PM – The reel weighs
12 tons and is made in 35 minutes



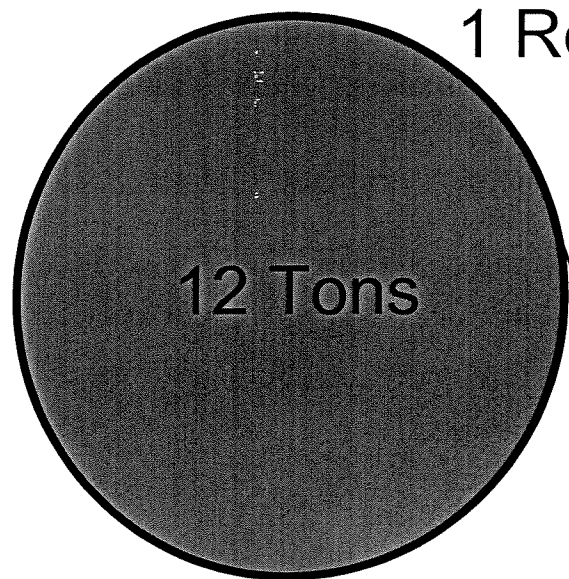
No. 2 Paper Machine Winder Operation

Paper flow from
Reel to Winder



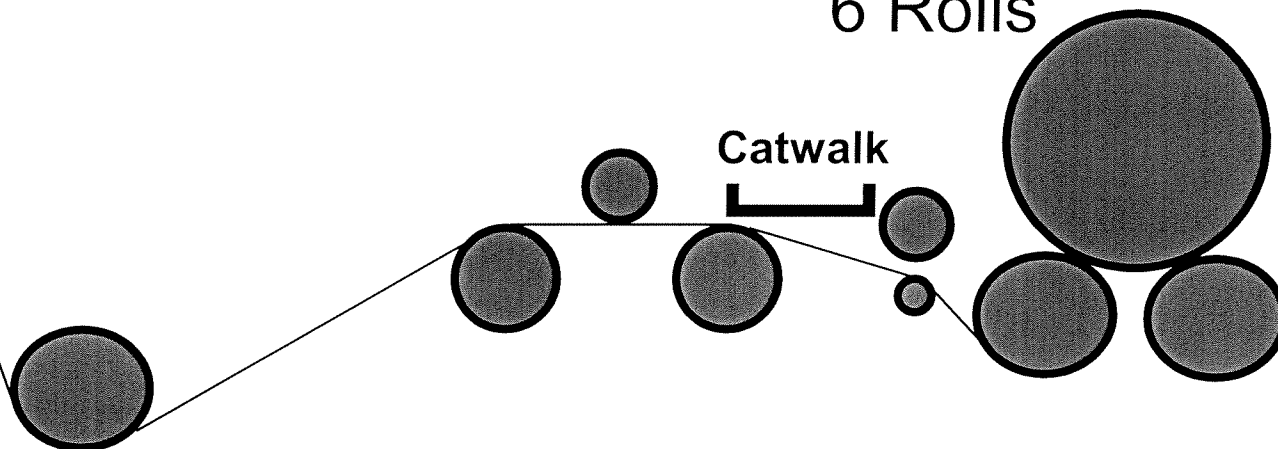
Reel

1 Reel = 12 tons



6 Rolls

Catwalk



Wastewater Treatment Plant



Treat approximately 4.5 million gallons per day (MGD) of mill process water at on site activated sludge wastewater treatment plant (WWTP)

WWTP Biosolids (to mill's landfill)

- Primarily wood fines that are too small for paper making
- SSCC generates an average of 150 yd³/day
- Approximately 20% solids – rest water

Capital Projects

■ Completed in 2005

- Replacement of No.2 PM AccuRay Gauging System
- No. 2 PM Moisture Profile Spray Bar
- No.1 PM Dryer Felt Brush

■ Plans for 2006

- No. 1 PM Vacuum Pump Modifications
- Mill-Site Chip Plant Evaluation



Certified
Environmental
Management

CERTIFICATE OF REGISTRATION

Smurfit-Stone Container

One Superior Way Ontonagon MI 49953
complies with the requirements of

ISO 14001:1996

Environmental Management System - Requirements

for the following capability

This registration covers the Environmental Management System for the
Manufacture of semi-chemical corrugating medium.

Registered by:

The ISO Guide 66 accredited management system is that of PRO Inc., an SAI Global Inc. Company,
1200 Route 22 East, Suite 2000, Bridgewater, New Jersey 08607, as accredited by ANSI-RAB NAP.

Certificate No.: 00-R1107
Issue Date: 02/24/2004

Certified Date: 09/01/1999
Expiry Date: 09/1/2005

Axel Breidenbruch
Vice President
SAI Global Inc.

 **SAI Global**
Assurance Services

A division of SAI Global Limited
ABN 67 050 611 642



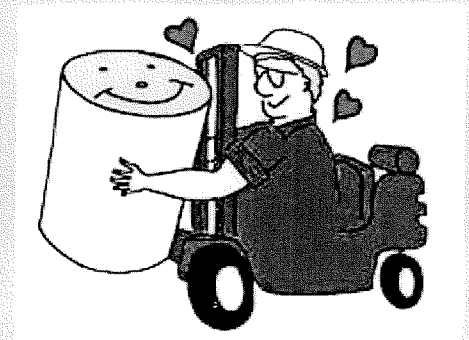
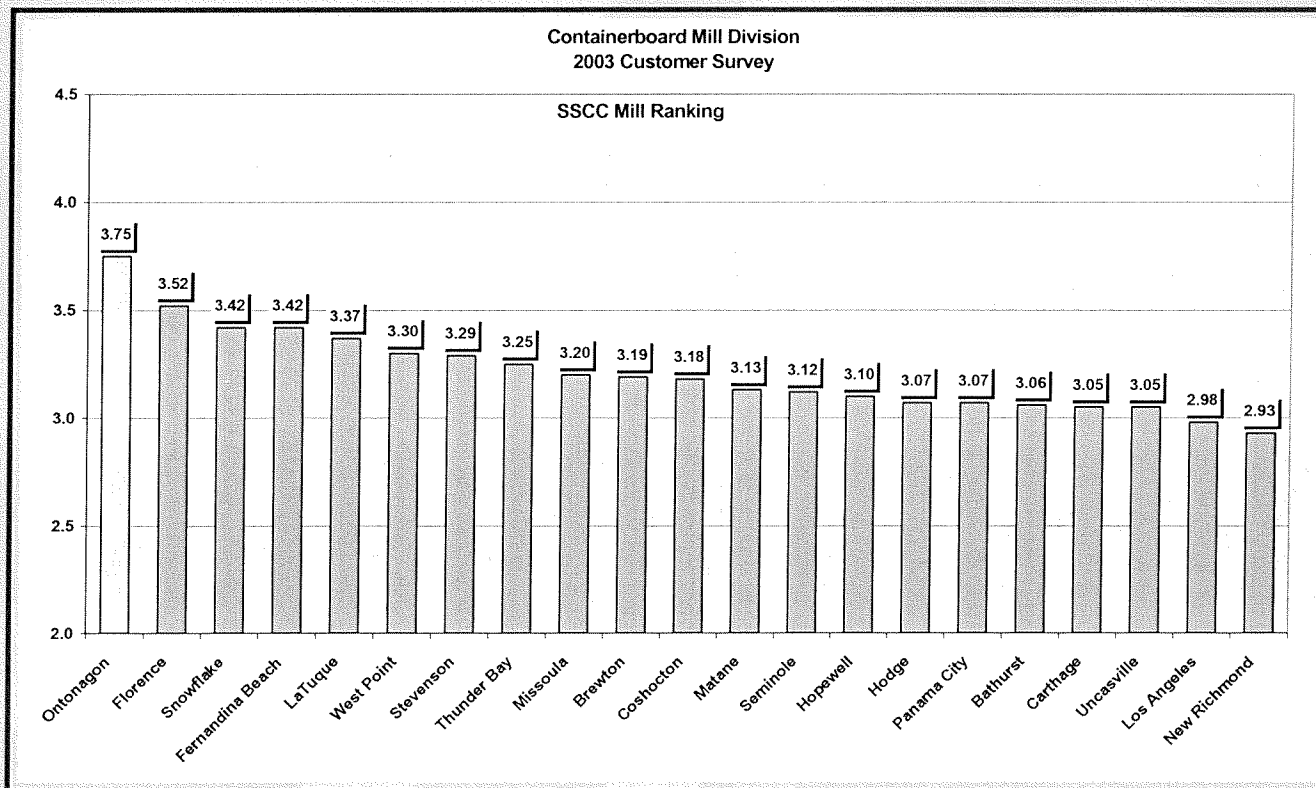
Registered both the
ISO 14001 Environmental
and ISO 9001 Quality
Management Systems
in 1999

 **SMURFIT-STONE**

Ontonagon "Happy Medium"

Sustained Customer Satisfaction / Quality Leader

😊 Highest Smurfit-Stone medium mill rating
4 of past 6 years



 **SMURFIT-STONE**

Michigan Clean Corporate Citizen (C3)

**Michigan C3 status
originally granted to
Ontonagon Mill on
January 21, 1998**

**C3 Conference on
November 2, 2004**

- Invited by MDEQ to make presentation
- Received program longevity award from MDEQ Deputy Director, Frank Ruswick



Citizens Advisory Panel

Builds cooperation instead of rumors

Establishes constructive dialogue on issues of mutual interest with the community

Informs the community about environmental projects and compliance issues



Pollution Prevention ...or What kind of fish are we planting this year?

Wildlife Rehabilitation Projects

- 🐟 Helicopter brook trout into Mirror Lake
- 🐟 Plant coaster brook trout in the
Porcupine Mountains
Wilderness State Park
- 🐟 Plant lake sturgeon in the
Ontonagon River
- 🐟 Construct walleye rearing
ponds



Ontonagon Mill Recycle Team

Mill reuses ~ 580 tons per year of locally recycled paper.

Cooperative glossy paper recycle program generated over \$37,950 since 1996 for local area schools.

Spent printer ink cartridges donated to local area schools and exchanged for new computer equipment.

